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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 25, 1999

APPLICATION OF

ROANOKE GAS COMPANY

CASE NO. PUE970908

For an Annual Informational
Filing

and

APPLICATION OF

ROANOKE GAS COMPANY

CASE NO. PUE980626

For General Increase in
Rates and to Revise
its Tariffs

ORDER CONSOLIDATING ISSUE WITH RATE CASE

On October 2, 1998, the State Corporation Commission ("Commission") entered an Order authorizing Roanoke Gas Company ("Roanoke" or "the Company") to file an abbreviated Annual Informational Filing ("AIF") in Case No. PUE970908. On October 21, 1998, Roanoke filed its abbreviated AIF for the twelve months ending September 30, 1997, in that docket.

On January 19, 1999, the Staff filed its report in the captioned matter. In its report, the Staff recommended that Roanoke reverse the redistribution of certain costs associated with the removal of a retired gas manufacturing plant, which were booked to accumulated depreciation accounts. Staff further

recommended that the Company write off those amounts based on the results of an earnings test analysis Staff performed for the twelve months ending September 30, 1997.

On February 3, 1999, Roanoke filed comments on the Staff report, taking issue with the Staff's recommendation to reverse the redistribution of the costs associated with the removal of the retired gas manufacturing plant. Roanoke asserted that it had not had an opportunity to rebut the Staff's recommendation adequately, and requested that the Commission deny the Staff's recommendation.

On February 18, 1999, the Staff filed a Motion requesting that the issues related to the redistribution of accumulated depreciation be considered in Roanoke's current general rate case, Application of Roanoke Gas Company, For General Increase in Rates and to Revise its Tariffs, Case No. PUE980626. In support of its Motion, Staff represented that Roanoke did not oppose its request to consolidate these issues with those to be considered in Case No. PUE980626.

NOW, UPON CONSIDERATION of the Staff's Motion, the Commission is of the opinion and finds that good cause has been shown and that the Staff's February 18, 1999 Motion should be granted. In our opinion, it is appropriate to allow Staff and other case participants to develop further the issues regarding the reversal of the redistribution of the deferred costs as part

of Case No. PUE980626, Roanoke's pending rate case. The Commission further finds that Case No. PUE970908, Roanoke's AIF for the test year ending September 30, 1997, should be closed since there are no other matters to be decided therein.

Accordingly, IT IS ORDERED THAT:

(1) The Staff's February 18, 1999, "Motion to Consolidate Issue with Pending General Rate Case" is hereby granted.

(2) The issues raised in the Staff's January 19, 1999, report relating to the redistribution of the deferred costs associated with the removal of the retired gas manufacturing plant and the write-off of those amounts based on the September 30, 1997, earnings test results should be consolidated with and considered as part of Case No. PUE980626.

(3) Application of Roanoke Gas Company, For an Annual Informational Filing, Case No. PUE970908, shall be dismissed, and the documents filed therein placed in the Commission's drawer for ended causes.